



Coral Wireless

June 20, 2005

The Honorable Kevin Martin, Chairman
The Honorable Kathleen Abernathy, Commissioner
The Honorable Michael Copps, Commissioner
The Honorable Jonathan Adelstein, Commissioner

Re: WT Docket 02-353 (Advanced Wireless Service)
WT Docket 04-356 (H- & J-Block)
RM-10956 (Petition for Rule Making)

Dear Chairman and Commissioners:

We would like express our concern regarding the unprecedented consolidation taking place among large national wireless carriers, with the unfortunate effect of significantly disadvantaging smaller carriers and new entrants. Nowhere is this disadvantage likely to be felt more than in the acquisition of wireless licenses in the Commission's upcoming wireless license auctions. We therefore ask the Commission to adopt a number of modifications to the Designated Entity ("DE") Program, outlined below, to ensure that smaller wireless carriers and new entrants are given a real chance of winning spectrum in future auctions.

The top-5 national wireless carriers today (pro forma for pending mergers) control 89% of wireless subscribers nationwide, up from just 50% ten years

ago. The resulting carriers, with operating and financial resources of unprecedented scale, will use those resources to dominate the Commission's future wireless auctions, including the Advanced Wireless Services ("AWS") auction of 90 MHz of spectrum nationwide. As the Commission itself long ago recognized, smaller carriers and new entrants simply do not have the wherewithal to successfully win licenses, the industry's lifeblood, in the face of national carriers intent on further consolidating their positions.

We therefore urge the Commission to adopt four specific changes to the existing DE Program to address this situation. Specifically, we recommend that:

- Large incumbent wireless carriers (defined as having wireless revenues of \$5 billion or more) should not be allowed to partner with DEs in-region.
- The AWS DE bid credit should increase from 25% to 35%.
- The DE bid credit should increase by 10 points (i.e., from our maximum proposed 35% to 45%) for those DEs who disproportionately serve underserved segments of the population, namely low income and minority group segments.
- High net worth individuals (with net worth exceeding \$3 million, excluding interests in their primary house) should not have a controlling interest in a DE.

These changes to the DE Program will help promote competition and ensure diversity of ownership in the wireless industry, benefiting carriers and consumers alike. Importantly, this is highly consistent with the Commission's intent in forming the DE Program to implement Section 309(j) of the Communications Act.

We ask the Commission to amend the current auction rules ahead of the upcoming Advanced Wireless Services auction to preserve real competition in the wireless industry and advance the Commission's work regarding Section 309(j).

Sincerely,

Ed Kurzenski
Chief Technical Officer
Coral Wireless LLC